Policy, Research, and External Affairs

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Development Economics

Office of the Vice President
The World Bank
March 1991
WPS 618

Poverty and Development

The Human Development Report and *The World Development Report*, 1990

Ravi Kanbur

The consensus represented in these two comprehensive reports holds out the hope that the polarization of policy analysts into "camps" is a thing of the past — and that policies for the 1990s can be built on agreement about the basics. Among the basics: that poverty alleviation requires growth, but growth is not enough.

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This paper — a product of the Research Administrator's Office, Office of the Vice President, Development Economics — was prepared for a special issue of *Pensamiento Iberoamericano*. It grew out of a session Kanbur organized and chaired at the Fifth International Congress of the European Economic Association, held at Lisboa in August 1990. Copies of this paper are available free from the World Bank, 1818 H Street NW, Washington, DC 20433. Please contact Jane Sweeney, room S3-026, extension 31021 (25 pages).

After the "adjustment decade" of the 1980s, attention in the 1990s seems to be turning once again to longer-term issues of development — particularly of poverty alleviation.

Just as the 1980s were heralded by a series of reports on adjustment, so the 1990s have seen two major reports on poverty: *World Development Report 1990: Poverty*, by the World Bank, and *Human Development Report 1990* by the UNDP (the first in a planned annual series focusing on human development).

Kanbur presents an overview of conceptual issues and the best policies for alleviating poverty, based on a review of these two reports. He poses basic questions on the definition and measurement of poverty, looks at what has actually happened to poverty in developing countries in the last three decades, and reviews policies to help alleviate poverty.

The consensus represented in these two reports, he concludes, offers hope that the polarization of policy analysts into "camps" is a thing of the past — and that policies for the 1990s can be built on fundamental agreement about the basics:

- That poverty alleviation requires growth — but growth is not enough.

- That growth must be broad-based and labor-intensive, and must go hand in hand with purposive, targeted basic social expenditures.

- That the international community must do its share, by supporting these efforts in the 1990s through greatly increased capital flows to developing countries.

Poverty and Development: The Human Development Report and The World Development Report, 1990

by

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* Invited paper for a special issue of Pensamiento Iberoamericano. The paper grows out of a session I organized and chaired at the ifth International Congress of the European Economic Association, held at Lisboa in August 1990. I am grateful to Meghnad Desai, Graham Pyatt and Jacques van der Gaag for participating in the session. Their papers (Desai, 1990, Pyatt, 1990 and van der Gaag 1990), on which I draw heavily, will appear in a special issue of the European Economic Review.

1. Introduction

After the "adjustment decade" of the 1980s, attention in the 1990s seems to be turning once again to longer term issues of development, particularly of poverty alleviation. If the publication of major reports by international agencies is anything to go by, the shift in attention is quite marked. Just as the 1980s were heralded by a series of reports on adjustment (for example, the World Bank's report on adjustment in Africa), 1990 has seen the publication of two major reports on poverty: World Development Report 1990: Poverty (WDR), by the World Bank, and Human Development Report 1990 (HDR), by the UNDP. The World Bank's report, the thirteenth in a series of annual reports on different development issues, revisits the topic of the World Development Report 1980, while the UNDP's report is the first in a planned annual series focussing on human development.

It seems an opportune time, therefore to take stock of what we know about poverty and development, where we stand on conceptual issues and what experience has taught us about the best policies for alleviating poverty. The object of this paper is to attempt such an overview, based on the two major reports published this year, and on the literature on which they draw. The plan of the paper is as follows. Section 2 starts by posing some basic questions on the definition and measurement of poverty, emphasizing the need for operational methods that have sound methodological basis. Section 3 moves on from this to take a look at what has actually happened to poverty in developing countries over the past three decades. Section 4 turns to the most important question -- what policies help to alleviate poverty? Section 5 concludes the paper.

2. Measuring Poverty

There are three distinct components to the measurement of poverty. First, we have to specify what we mean by the standard of living. Secondly, we have to delineate a critical level of the standard of living below which there is poverty, by definition. Thirdly, we need to compress information on the standards of living below the critical level into an index of poverty. Each of these steps would merit a paper by itself. A large literature has developed in each of these areas, and lthough consensus seems to be emerging on some specific topics, a consensus which is well reflected in the two reports being discussed here, there are other topics that remain controversial.

Both the World Development Report and the Human Development Report accept that while income is an important component of the standard of living, there are other dimensions which have to be taken into account. These are variously referred to as the "human dimensions" or "basic needs", and include aspects of health, education, housing, etc. The reason for this is that "people often value achievements that do not show up at all, or not immediately, in higher measured income" (UNDP, 1990). As the WDR notes, "being able to get clean drinking water, for example, matters to one's standard of living, but it is not reflected in consumption or income as usually measured."

Beyond this recognition of the inadequacy of consumption or income measures of the standard of living, the two reports differ in how they proceed. The World Development Report "supplements a consumption-based poverty measure with others, such as nutrition, life expectancy, under 5 mortality, and school enrollment rates." The Human Development Report, on the other hand, goes a step forward and attempts to combine income and two other dimensions of the standard of living -- literacy and life expectancy -- into a unidimensional measure of the standard of living along which countries can be ranked (neglecting for the moment the distribution of this measure within each country). The result of this attempt is the "Human Development Index" (HDI), which has attracted considerable attention.

The HDI is defined on the basis of three indicators of well being at the national level -- logarithm of real GDP per capita (X_1), adult literacy rate (X_2) and life expectancy at birth (X_3). From the values of these indicators for countries, the maximum and minimum value for each indicator is identified (for example, for life expectancy the maximum is 78.4 years while the minimum is 41.8 years; for adult literacy the maximum is (almost) 100% while the minimum is 12.3%). On this basis, the deprivation for the jth country along the ith dimension is defined as

$$D_{ij} = \frac{\left(\max_j X_{ij}\right) - X_{ij}}{\left(\max_j X_{ij}\right) - \left(\min_j X_{ij}\right)}$$

The normalization used in the formula ensures that D_j lies between 0 and 1. The "deprivation index" for the jth country is defined as a simple average of D_{1j}, D_{2j} and D_{3j}. In other words,

$$D_j = \left(\frac{1}{3}\right) \sum_{i=1}^{3} D_{ij}$$

The Human Development Index is then defined as

$$HDI_j = 1 - D_j$$

The above attempt at arriving at a unidimensional standard of living, while interesting, is problematic to say the least. As Ferroni and Kanbur (1990) point out, the normalization adopted is somewhat disconcerting. For example an improvement in the achievement of the worst country in the sample would decrease the HDI for country j! It is not clear that these are the sorts of externalities that one wants in an index. Moreover, it is not clear why each dimension is given an equal weight. In other words, it is not clear what value judgements underlie the HDI. In view of these problems, we would have to conclude that the HDI should be treated with caution. Until more work has been done on deriving weights for different dimensions of the standard of living on the basis of explicit value judgments in the form of a social welfare function (see Ferroni-Kanbur, 1990), the approach in the World Development Report, of supplementing income data with information on the other achievement, is to be preferred.

All of the above is devoted to arriving at a measure of the standard of living. But we then have the problem of choosing a cut off to focus attention on the bottom end of the distribution. For some indicators like literacy, this is straightforward since they are in the form of "zero or one" variables. For other indicators, most particularly income/consumption indicators, we have to decide on a "poverty line". This is also a vexed question in the literature, and there is no easy solution (see Kanbur, 1987), not least because what constitutes poverty is country specific. The World Development Report looks at country-specific poverty lines for thirty-four developing and industrial countries, and shows that this threshold "rises slowly at low levels of average consumption but more sharply at higher levels." Faced with this problem the report adopts the strategy of using country-specific poverty lines when discussing poverty within countries, and using two international lines for global poverty estimates. These two thresholds are $275 and $370 per person per year at 1985 purchasing power parity prices. While such a choice has a degree of arbitrariness, these lines are argued to "span the poverty lines estimated in recent studies for a number of countries with low average incomes -- Bangladesh, the Arab Republic of Egypt, India, Indonesia, Kenya, Morocco and Tanzania."

Having decided on a poverty line in consumption space, the next questions concern the nature of the distribution to which this line is to be applied, and how the information on the distribution below the line is to be aggregated into an index of poverty that will prove useful in operational settings. The basic problem that arises with the first question is how to translate consumption information at the household level, which is the form in which it is usually available, into consumption of individuals after adjusting for household size and composition. Correcting for household composition takes us into the still controversial area of estimating adult equivalent scales. But even if this problem is solved, translation of household level consumption into individual level consumption by simply dividing total consumption by the number of equivalent adults assumes that consumption within the household is distributed according to need. In other words, the problem of intra-household inequality is ignored. Of course, unless disaggregated information at the individual level is available we cannot really gauge the seriousness of the problems. What little evidence there is does suggest that the neglect of intra-household inequality can throw off estimates of poverty and inequality by a considerable margin (see Haddad and Kanbur, 1990). However, given the state of information in most developing countries, from an operational point of view we are restricted basically to the distribution of individuals by per capita household consumption or income, and this is the distribution to which the poverty line is applied.

Given this distribution and a poverty line, the most obvious and commonly used index of poverty is the headcount index, which measures the fraction of individuals below the poverty line. While this index will continue to be the workhorse of poverty analysis, a number of authors (e.g. Sen, 1976) have pointed out that this measure is insensitive to changes in the depth of poverty. A good example of the difficulties is given by the _World Development Report_, based on the work of Ravallion and van de Walle (1988).

> Suppose we want to know how an increase in the price of basic food staples affects poverty. A recent study examined this question for Java, Indonesia, using data for 1981. Households close to the poverty line were found to be, on average, net producers of rice, the main food staple. Thus, the headcount index of poverty will fall when the price of rice increases -- assuming that this price change is passed on to the producers. But the study found that the poorest of the poor -- many of them landless agricultural laborers or farmers with little land but with some other source of income -- are net consumers of rice. They are worse off, at least in the short run, when the price of rice increases. The study showed that measures that take the severity of poverty into account tend to show an increase in poverty when the price of rice goes up -- exactly the opposite message conveyed by the headcount index.

We would do well to bear this caution in mind, and look perhaps to classes of measures that allow a weight to the depth of poverty (for an example of one such family of measures, see Foster, Greer and Thorbecke, 1984).

To summarize, it seems to us that the best strategy in measuring poverty is to start with a distribution of individuals by per capita household consumption or income, information that is available for many developing countries, and which will become available for more and more countries as the decade progresses. We should then use a range of country-specific poverty lines, chosen so as to command consensus, and calculate not only the headcount index but other indices that emphasize the depth of poverty. Equally important, and strongly complementary to the consumption/income based measures of poverty, should be measures of achievement along dimensions such as health, nutrition and education. We are as yet some way from arriving at a single measure of the standard of living that combines these various dimensions with consumption. However, in some cases data may permit examination of the non-consumption achievements of those classified as poor on consumption grounds. In other cases we may be restricted to looking at achievements in health, education, etc., only at the national level.

3. Evolution of Poverty in the Developing World

Through the empirical analysis in the WDR and the HDR, a consensus emerges on the broad quantitative magnitudes of poverty in developing countries, and on the evolution of this poverty over the past 30 years. Both reports arrive at a figure of over one billion people below the poverty line. In the case of the WDR this line is specified as $370 per capita per year in 1985 purchasing power parity prices -- in other words, a little over a dollar a day.

Table 1 is reproduced from the WDR, and presents the World Bank's assessment of the state of poverty in the developing world in 1985. Apart from income poverty, the WDR concentrates on achievements in three key social indicators -- under 5 mortality, life expectancy and net primary enrollment rate. The HDR, as might be expected, considers a broader range of social indicators. While there is some disagreement on specifics, the broad picture painted by the two reports is remarkably consistent. Thus on life expectancy both reports arrive at a figure for all developing countries of 62 years in the mid 1980s, and this compares with a figure for 74 years for the developed countries. However, the average figure of 62 years hides considerable variations, ranging from a low of 50 years in Sub-Saharan Africa to a high of 67 in East Asia and even 71 in the newly liberalizing countries of Eastern Europe. Just as there are variations between regions, there are variations between countries within regions. Table 2 is reproduced from the HDR and shows that countries such as Chad have life expectancies of 46 years. Of course, even within countries there are variations, but the available data does not permit us to pursue this level of detail.

One social indicator discussed by the HDR that is not highlighted by the WDR is access to safe water. Table 3 reproduces some of their numbers. Overall, in 1986 only 55% of people in the poor countries of the South had access to safe water, and this average also hides considerable variation. Countries like Mauritius and Singapore reach 100% while others like Ethiopia and Mozambique register 16%. The lowest is Kampuchea with only 3%.

Both reports present figures on a number of other indicators, but the general conclusion should be clear. It is that in the position of the poor in developing countries is extraordinarily bad on a range of quantitative measures, especially when compared with achievements in developed countries. But how does this compare with the situation thirty years ago? Has there been any progress? Again both reports are broadly agreed in the answers to these questions. They conclude that, by and large, during the 1960s and 1970s the poor improved their position along the dimensions of consumption and of social indicators. In the 1980s, however, the picture is mixed, depending on the dimension considered and, more importantly, on where the poor lived. In particular, in the 1980s Sub-Saharan Africa experienced a decline in consumption per capita while all other regions of the developing world experienced an increase.

The WDR presents a detailed analysis of household survey data for 11 countries, mainly in Asia and Latin America, for periods ranging from 10 to 24 years. The overall conclusion is that the percentage of people in consumption poverty in those continents has declined dramatically. However, because of rising population, the decline in the total numbers of the poor has been more modest. In a country like India, for example, between 1972 and 1983 it estimated that the headcount index fell from 54% to 43%, but the number of poor increased slightly, from 311.4 million to 315.0 million. Among the most dramatic poverty declines is that for Indonesia where the headcount index fell from 58% in 1970 to 17% in 1987, and the number of poor also fell, from 67.9 million to 30.0 million. Progress in poverty reduction was slowed down in the 1980s, and reversed for some countries in Latin America. Data availability precludes both reports from providing extensive discussion of income/consumption poverty in Sub-Saharan Africa. The HDR quotes an ILO estimate that poverty rose between 1980 and 1985. The WDR estimates that between 1980 and 1985, "the number of Africans in poverty would have increased by 55 millic .."

Social indicators have shown considerable improvement in all parts of the developing world, particularly in the 1960s and 1970s. As table 2 shows, life expectancy in the South has increased from 46 years in 1960 to 62 years in 1987. Tables 4 and 5, reproduced from HDR, show similar improvements in the infant mortality rate as well as the adult literacy rate. There is, however, some evidence that the improvement slowed down in the 1980s, particularly in Sub-Saharan Africa. For example, the WDR shows that primary enrollment rates decreased in that region during the early part of the 1980s.

Despite the remarkable improvements over the past 30 years, the problem of poverty remains severe, and there may have been some reversals during the past 1980s. What can policy do to accelerate progress? This question is taken up in the next section.

4. Policies and Poverty

4.1 Who are the poor, and how can they be helped?

Before designing policies to help the poor, it is important to understand the characteristics of the poor -- their location, sources of income, etc. The WDR starts with this analysis. The broad conclusion is that while the poor are heterogeneous, certain general conclusions can be drawn from the evidence -- and these are not very surprising. Poverty is primarily a rural phenomenon. In Africa and in Asia, the incidence of poverty is far higher in rural areas, and the rural poor account for the vast majority of all those in poverty. In Latin America the situation is less extreme, primarily because of the higher degree of urbanization. However, so far as non-income achievements are concerned, even in Latin America rural areas lag behind urban areas --- as shown by table 6, reproduced from the WDR.

Since poverty is primarily a rural phenomenon, it is also primarily an agricultural phenomenon. A related characteristic of the poor is that they lack assets. They either have very small amounts of unproductive land, or no land at all. They lack human capital and are therefore reduced to selling unskilled labor, largely in an agricultural setting. This means that the main sources of income for the poor are from agriculture and (in both rural and urban areas) sale of labor. Those who are income poor also turn out to be poor in other dimensions -- they do not have as great an access to public services such as health and education as do the non-poor. This in turn affects their income earning capacity.

Based on these very general characterizations, which have of course been known for a while, the WDR proposes a two pronged strategy for alleviating poverty. Firstly, increasing the demand for the poor's most abundant asset -- their labor power -- through a policy of broad based, labor intensive growth. Secondly, a concerted program of social expenditures to increase access of the poor to basic health and education. This also seems to be the strategy advocated by HDR, on the grounds that economic growth is a necessary but not sufficient condition for poverty alleviation. Both the WDR and the HDR strengthen the case for this strategy by looking at country experience.

4.2 What does country experience tell us?

HDR suggests a threefold typology of country experiences. First there is "sustained human development, as in Botswana, Costa Rica, Cuba, the Republic of Korea, Malaysia and Sri Lanka." Second, there is "disrupted human development, as in Chile, China, Colombia, Jamaica, Kenya and Zimbabwe." Third, there is "missed opportunities for human development, as in Brazil, Nigeria and Pakistan." While there are some differences of detail, the WDR emerges with a similar message. It certainly highlights Brazil and Pakistan as examples of countries that had high income growth but where poverty was not alleviated significantly because of uneven distribution of gains from growth and of social expenditure. While recognizing the reversals in the 1980s in some countries, they hold up the example of China, Costa Rica, Cuba and Chile and Sri Lanka as examples of what a purposive social expanditure strategy can achieve. Finally, the WDR highlights Indonesia as a leading example of a country that has seen dramatic reductions in poverty, as a result of a strategy of broad based growth and infrastructure expenditure.

The HDR summaries the conclusions of its country analysis in terms of six lessons:

> First, growth accompanied by an equitable distribution of income appears to be the most effective means of sustained human development... Second, countries can make significant improvements in human development over long periods -- even in the absence of good growth or good distribution -- through well-structured social expenditures by governments... Third, well-structured government social expenditures can also generate fairly

> dramatic improvements in a relatively short period... Fourth, to maintain human development during recessions and natural disasters, targetted interventions may be necessary... Fifth, growth is crucial for sustaining progress in human development in the long run, otherwise human progress may be disrupted... Sixth, despite rapid periods of GNP growth, human development may not improve significantly if the distribution of income is bad and if social expenditures are low.

These (somewhat overlapping) conclusions find expression in the WDR also. The differences are more on emphasis than substance. Both reports agree that what is really crucial to outcome is <u>policy</u>. This consensus, on broad based growth and effective social expenditures, itself takes us back to some of the studies by the World Bank and the ILO in the 1970s.

4.3 <u>Public Expenditures, Targeting and Poverty Alleviation</u>

The question of the targeting of public expenditures runs through both reports. This is important not only for ensuring that social expenditures on basic health and education reach the poor, but also for the safety nets that are advocated by both reports to ensure that those (such as the aged or the disabled) who cannot benefit from broad based growth and/or better education are supported.

Coming first to social sector expenditure, both reports are agreed that there must be concentration on basic health and education. Analysis shows that the composition of public expenditure in the health and education sectors is disproportionately skewed towards expensive curative facilities and higher education, which benefit the urban elite (see Ferroni and Kanbur, 1990). Thus there must be systematic restructuring of public expenditure towards primary health care and basic education.

However, as Ferroni and Kanbur (1990) point out, going beyond this general conclusion requires more analysis. The interactions between the different dimensions of basic needs achievements are still underresearched, and we lack convincing quantification of the impact of extra public expenditure in one category rather than another. Ultimately, resources are scarce, and tradeoffs have to be faced. Is the marginal dollar better spent on primary health care or basic education? Within primary health care, is the marginal dollar better spent on personnel or on drugs? Would it be better to have cost recovery (risking some loss of access) and use the money raised to ensure drug availability, rather than have no cost recovery but limited drug availability? Design issues within specific programs become important, as do the political questions raised by targeting -- how will the previous beneficiaries of social expenditures react, and can their opposition be overcome?

This basic question, and others, arise also in the targeting of income transfer programs that can act as safety nets. While these programs are more prevalent in developed countries, they do make an appearance in developing countries also. The most obvious example are food subsidies, and here again the WDR and the HDR arrive at a consensus. Thus the HDR notes,

> Food subsidies can do much to stabilize food prices, transfer income to the poor and maintain political and social stability... The design of food subsidies always demand care. The budgetary burden should be kept manageable. Incentives for food production should not be discouraged. Targetting should ensure that benefits reach the poor to make the programme cost-effective. To reduce costs the subsidies need to be targetted towards low-income households -- by subsidizing food mainly consumed by low-income households or sold in low-income areas

while the WDR concludes,

> Most food-based policies, including general subsidies, ration schemes, and food stamp schemes, make severe administrative demands on the government. Their potential is greatest in urban areas or in more developed areas that have adequate infrastructure. In all cases, targeting is essential for cost effectiveness. Targeting can be achieved through the choice of commodity to be subsidized, by locating distribution outlets in poor neighborhoods, or by means of indicators.

Finally, both reports emphasize the role of rural public employment schemes as a vital safety net and insurance against the vagaries of agricultural production. The WDR writes approvingly of the Employment Guarantee Scheme in Maharashtra State, India, and suggests this as a possible model, to be adapted to country specific conditions.

4.4 Stabilization, Adjustment and Poverty

As noted in the previous section, against a general background of improvement in poverty indicators, the "adjustment decade" of the 1980s saw some reversals. Some have referred to this as a "lost decade" (echoed in the title of Pyatt, 1990). The WDR devotes an entire chapter to adjustment and poverty, while the HDR also highlights this issue in its categorization of "disrupted human development," and in a special section entitled "Policies for adjusting countries."

> The policies appropriate for adjusting countries do not differ in their fundamentals from those applicable more generally. The major difference is that many adjusting countries are suffering decline in government expenditures and in per capita incomes... Because of their very tight budgets, they need to focus on low-cost programmes -- to keep down the cost of across the board interventions -- and to rely more on targetted schemes.

The WDR analyses the issue in much greater detail. It starts by noting that adjustment has as objectives, firstly, "reducing the demand for imports and domestic goods to stabilize economic conditions," and, secondly, "restructuring the economy to reach a higher growth path." While in the long run restructuring, because it leads to higher growth through efficient use of labor, will have good effects on poverty, in the short run there may be problems.

> The short-run effects of adjustment, however, can create difficulties, for two reasons. First, the process of economic restructuring is often sluggish and uneven. Firms and labor markets take time to adjust, and in the meantime economies can suffer higher unemployment and labor incomes may decline. Second, demand-reducing measures may be unavoidable, and these are likely to hurt the consumption of the poor and the nonpoor alike. The need for cuts in public spending can lead to a particularly sharp short-run conflict with two essential parts of the strategy advocated in this Report -- delivering social services and providing transfers and safety nets.

The WDR thus clearly recognizes the conflicts and tradeoffs involved. It argues that the impact on the poor can be mitigated by effective action on changing relative prices in favor of agriculture (when consistent with adjustment) and by moderating declines in consumption either through an investment pause or through greater inflows of capital. An appeal is thus made to the international community to support the adjustment efforts of developing countries so that adverse effects on the poor are minimized.

5. Conclusion

It would be impossible in the available space to do full justice to these two comprehensive reports on Poverty and Development. I have concentrated, rather, on the remarkable consensus that they represent, based on three decades of development experience. They hold out the hope that polarization of policy analysts into "camps" is a thing of the past, and that policies for the 1990s can be built on a solid foundation of basic agreement on the fundamentals. These are that poverty alleviation requires growth, but growth is not enough. The growth must be broad based and labor intensive, and it must go hand in hand with purposive and targeted basic social expenditures. The international community must also do its share, by supporting these efforts in the 1990s through greatly increased capital flows to developing countries.

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Table 1 How much poverty is there in the developing countries? The situation in 1985

Region	Extremely poor: Number (millions)	Extremely poor: Headcount index (percent)	Extremely poor: Poverty gap	Poor (including extremely poor): Number (millions)	Poor (including extremely poor): Headcount index (percent)	Poor (including extremely poor): Poverty gap	Social indicators: Under 5 mortality (per thousand)	Social indicators: Life expectancy (years)	Social indicators: Net primary enrollment rate (percent)
Sub-Saharan Africa	120	30	4	180	47	11	196	50	56
East Asia	120	9	0 4	280	20	1	96	67	96
China	80	8	1	210	20	3	58	69	93
South Asia	300	29	3	520	51	10	172	56	74
India	250	33	4	420	55	12	199	57	81
Eastern Europe	3	4	0.2	6	8	0 5	23	71	90
Middle East and North Africa	40	21	1	60	31	2	148	61	75
Latin America and the Caribbean	50	12	1	70	19	1	75	66	92
All developing countries	633	18	1	1,116	33	3	121	62	83

Note The poverty line in 1985 PPP dollars is $275 capita per year for the extremely poor and $370 per capita per year for the poor

The headcount index is defined as the percentage of the population below the poverty line. The 95 percent confidence intervals around the point estimates for the headcount indices are Sub-Saharan Africa, 19, 76; East Asia, 21, 22; South Asia, 50, 53; Eastern Europe, 7, 10; Middle East and North Africa, 13, 51; Latin America and the Caribbean, 14, 30; and all developing countries, 28, 39.

The poverty gap is defined as the aggregate income shortfall of the poor as a percentage of aggregate consumption Under 5 mortality rates are for 1980-85, except for China and South Asia, where the period is 1975-80.

Source Reproduced from <u>World Development Report 1990</u>

Table 2 Life expectancy, 1960-87

	Annual rate of reduction in shortfall (%) 1960-87			Life expectancy (years) 1987
Fastest progress		*Highest life expectancy*		
Hong Kong	4.99	Hong Kong		76
Costa Rica	4.55	Costa Rica		75
China	4.33	Cuba		74
United Arab Emirates	4.06	Jamaica		74
Jamaica	4.00	Singapore		73
Cuba	3.99	Kuwait		73
Kuwait	3.93	Panama		72
Chile	3.70	Chile		72
Malaysia	3.48	Uruguay		71
Korea, Rep.	3.43	United Arab Emirates		71
Slowest progress, among countries with a life expectancy of less than 60 years		*Lowest life expectancy*		
		Sierra Leone		42
Ethiopia	0.52	Ethiopia		42
Paraguay	0.78	Afghanistan		42
Rwanda	0.79	Guinea		43
Kampuchea, Dem.	0.80	Mali		45
Afghanistan	0.81	Angola		45
Sierra Leone	0.84	Niger		45
Burundi	0.85	Somalia		46
Guinea	0.88	Central African Rep.		46
Central African Rep.	0.90	Chad		46
Mali	0.91			
			1960	1987
South	2.33	South	46	62
North	2.22	North	69	74
		South as % of North	67	84

Source: Reproduced from Human Development Report

Table 3 Access to water, 1975-86

	Annual rate of reduction in shortfall (%) 1975-86		*Percentage with access to water 1986*	
Fastest progress		*Most access*		
Saudia Arabia	20.22	Mauritius		100
Chile	13.61	Singapore		100
Colombia	12.78	Trinidad and Tobago		98
Libyan Arab Jamahiriya	12.48	Saudi Arabia		97
Malaysia	12.09	Libyan Arab Jamahiriya		97
Jamaica	10.76	Jamaica		96
Trinidad and Tobago	12.76	Jordan		96
Costa Rica	9.80	Chile		94
Iraq	8.37	Lebanon		93
Burkina Faso	7.19	Colombia		92
Slowest progress		*Least access*		
Rwanda	-4.14	Kampuchea, Dem.		3
Algeria	-3.05	Ethiopia		16
Argentina	-2.37	Mozambique		16
Congo	-2.23	Mali		17
Uganda	-1.91	Guinea		19
Bangladesh	-1.88	Côte d'Ivoire		19
Somalia	-0.57	Uganda		20
El Salvador	-0.19	Afghanistan		21
Guatemala	-0.15	Sudan		21
Nicaragua	0.52	Congo		21
			1975	1986
South	3.29	South	35	55
North	..	North	..	..
		South as % of North	..	..

Source: Reproduced from Human Development Report

Table 4 Infant mortality rate, 1960-88

	Annual rate of reduction in shortfall (%) 1960-88		Infant mortality rate (per 1,000 live births) 1988	
Fastest progress		*Lowest infant mortality rate*		
Chile	6.20	Hong Kong		8
United Arab Emirates	6.09	Singapore		9
Hong Kong	5.91	Cuba		15
Oman	5.81	Costa Rica		18
China	5.48	Jamaica		18
Kuwait	5.37	Kuwait		19
Costa Rica	5.35	Chile		19
Cuba	4.94	Trinidad and Tobago		20
Singapore	4.83	Mauritius		22
Korea, Rep.	4.42	Panama		23
Slowest progress		*Highest mortality rate*		
Mozambique	0.35	Mozambique		172
Ethiopia	0.48	Angola		172
Kampuchea, Dem.	0.50	Afghanistan		171
Rwanda	0.67	Mali		168
Angola	0.68	Sierra Leone		153
Mali	0.79	Ethiopia		153
Afghanistan	0.81	Malawi		149
Uganda	0.94	Guinea		146
Bangladesh	0.99	Burkina Faso		137
Somalia	1.03	Niger		134
			1960	1988
South	2.18	South	150	81
North	3.08	North	36	15
		South as % of North (Survival)	88	93

Source: Reproduced from Human Development Report

Table 5 Adult literacy rate, 1970-85

	Annual rate of reduction in shortfall (%) 1970-85		*Adult literacy rate (%) 1985*	
Fastest progress		*Highest literacy rate*		
Iraq	11.26	Chile		98
Chile	10.74	Cuba		96
Lao, PDR	9.14	Trinidad and Tobago		96
Nicaragua	8.09	Argentina		96
Cuba	7.79	Uruguay		95
Mexico	6.29	Costa Rica		93
Thailand	5.48	Korea, Rep.		93
Jordan	4.86	Thailand		91
Botswana	4.70	Mexico		90
Trinidad and Tobago	4.52	Mongolia		90
Slowest progress, among countries literacy rate of less than 50		*Lowest literacy rate*		
		Somalia		12
Burkina Faso	0.42	Burkina Faso		14
Sudan	0.54	Niger		14
Somalia	0.67	Mali		17
Mali	0.73	Mauritania		17
Niger	0.73	Sudan		23
Bangladesh	0.84	Afghanistan		24
Pakistan	0.84	Yemen		25
Benin	0.94	Bhutan		25
India	0.97	Nepal		26
Nepal	1.07			
			1970	1985
South	2.33	South	43	60
North	..	North	..	..
		South as % of North	..	..

Source: Reproduced from Human Development Report

Table 6 Rural and urban poverty in the 1980s

Region and country	Rural population as percentage of total	Rural poor as percentage of total	Infant mortality (per thousand live births)		Access to safe water (percentage of population)	
			Rural	Urban	Rural	Urban
Sub-Saharan Africa						
Côte d'Ivoire	57	86	121	70	10	30
Ghana	65	80	87	67	39	93
Kenya	80	96	59	57	21	61
Asia						
India	77	79	105	57	50	76
Indonesia	73	91	74	57	36	43
Malaysia	62	80	..	..	76	96
Philippines	60	67	55	42	54	49
Thailand	70	80	43	28	66	56
Latin America						
Guatemala	59	66	85	65	26	89
Mexico	31	37	79	29	51	79
Panama	50	59	28	22	63	100
Peru	44	52	101	54	17	73
Venezuela	15	20	..	..	80	80

Source: Reproduced from World Development 1990

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